

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2019-1-E

In the Matter of Annual Review of Base
 Rates For Fuel Costs for Duke Energy
 Progress, LLC

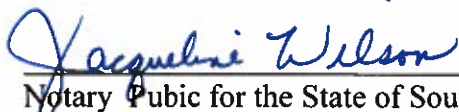
**VERIFICATION OF
 DIRECT TESTIMONY
 OF JASON D. MARTIN
 FOR DUKE ENERGY PROGRESS, LLC**

I, Jason D. Martin, first being duly sworn, say that I am employed by Duke Energy Corporation as Director of Strategy, Policy, and Strategic Investment for South Carolina and have read my pre-filed Direct Testimony filed April 26, 2019, pre-filed Revised Exhibit 1 filed May 31, 2019, and revised pages 3 and 5 of my pre-filed Direct Testimony—which are attached hereto as Exhibit A to this verification—and know the contents thereof; and that the contents are true, accurate and correct to the best of my knowledge, information and belief.


 Jason D. Martin

SWORN TO AND SUBSCRIBED

Before me this 10th day of June, 2019.



Notary Public for the State of South Carolina

Printed Name of Notary: Jacqueline Wilson

My Commission Expires: 8-27-2028



Jacqueline Wilson
 NOTARY PUBLIC
 State of South Carolina
 My Commission Expires
 August 27, 2028

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Annual Review of Base Rates)	DIRECT TESTIMONY OF
for Fuel Costs for)	JASON D. MARTIN FOR
Duke Energy Progress, LLC)	DUKE ENERGY PROGRESS, LLC
)	

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jason D. Martin and my business address is 40 West Broad Street, Suite 690, Greenville, SC 29601.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am Director of Strategy, Policy, and Strategic Investment for South Carolina at Duke Energy Corporation. I am responsible for the development and execution of strategy and policy support related to distributed energy technology for Duke Energy's South Carolina retail franchises, including Duke Energy Progress, LLC ("DEP" or the "Company") and Duke Energy Carolinas, LLC ("DEC," together with DEP, the "Companies"). This includes evaluation of legislation and regulation, and implementation of customer programs such as those associated with Act 236 (the "Act"), the South Carolina Distributed Energy Resource Act of 2014.

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I received a Bachelor of Science degree in Electrical and Computer Engineering at North Carolina State University. I have been employed at Duke Energy since 1987 working in the areas of Engineering, Customer Services, Large Account Management, and Distributed Energy Technologies.

Q. HAVE YOU TESTIFIED BEFORE THIS COMMISSION BEFORE?

A. Yes. I testified before this Commission in DEC's 2018 annual fuel clause proceeding in Docket No. 2018-3-E.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide support for the Distributed Energy Resource Program (“DERP”) costs that are incorporated into the proposed fuel factors prepared by Witness Harrington. I will describe the nature of costs filed as well as any changes made to the DERP portfolio since the 2018 fuel proceeding.

Q. PLEASE DESCRIBE THE LEVELS OF SOLAR ADOPTION DEP HAS EXPERIENCED THROUGH COMPLIANCE WITH ACT 236.

A. Since January 1, 2015 DEP has seen significant growth in solar adoption as a result of implementing the incentives and programs for compliance with Act 236. The results of the implementation are shown below in Table 1. The Company has encouraged solar adoption through the Net Energy Metering incentive, Solar Rebate Program, and other DERP efforts discussed later in my testimony. Also shown below in Table 1, once an additional utility scale solar facility (whose capacity is under contract) becomes energized, the Company will have met the renewable generation goals under Act 236.

Table 1: DEP Solar Adoption by Implementing Act 236, as of March 1, 2019¹

		ACT 236 Goal	Capacity Installed	Additional Capacity Under Contract ³	% of Goal
Tier I	Utility Scale Solar (1MW – 10MW)	13	5	10	115%
Tier II	Customer Scale Solar (<1MW) ²	13	14.7	-	113%
	Small Scale Solar (<20kW)	3	7.2	-	240%

Notes

1. All values in MW-AC

2. Customer Scale Solar is inclusive of Small Scale Solar

3. Capacity under contract is defined as those having an executed Purchase Power Agreement and does not apply to Customer Scale or Small Scale Solar.

1 **Q. PLEASE DESCRIBE THE DERP COSTS THAT ARE INCLUDED IN THE**
2 **REVIEW, ESTIMATED, AND BILLING PERIODS.**

3 **A.** Pursuant to Commission Order No. 2015-515, the Company offers its customers a variety
4 of programs to support solar development. As a result, the Company incurred DERP
5 incremental and avoided costs totaling \$3,440,947 in the period from March 1, 2018
6 through February 28, 2019 (the “review period”); anticipates incurring \$993,203 during
7 the period March 1, 2019 through June 30, 2019 (the “estimated period”); and projects to
8 incur \$4,008,361 in the period July 1, 2019 through June 30, 2020 (the “billing period”).

9 These costs represent the avoided and incremental costs associated with the
10 Company’s approved DERP offerings, including 1) Purchased Power Agreements
11 executed to fulfill the Company’s utility-scale solar goals under Act 236; 2) Distributed
12 Energy Resource (“DER”) Net Energy Metering (“NEM”) Incentive; 3) Solar Rebate
13 Program; 4) Carrying Costs on Deferred Solar Rebate Amounts; 5) Shared Solar
14 Program; 6) NEM Avoided Capacity Costs; 7) NEM Meter Costs; and 8) General and
15 Administrative Expenses, including incremental labor costs as a direct result of DERP, IT
16 and billing enhancements, and other administrative costs associated with delivering these
17 new programs to customers. Table 2 is an itemization of actual and expected DERP costs.
18

Table 2: DEP DERP Cost Summary - Review, Estimated, and Billing Periods

Cost Type	Review Period	Estimated Period	Billing Period
	3/1/18-2/28/19	3/1/19-6/30/19	7/1/19-6/30/20
DERP Incremental Costs			
Purchased Power Agreements	\$ 60,644	\$ 17,725	\$ 60,045
DER NEM Incentive	661,901	355,079	1,119,220
Solar Rebate Program - Amortization	847,174	(12,364)	622,882
Solar Rebate Program - Carrying Costs	792,376	258,221	555,517
Shared Solar Program	(262)	30,886	77,392
NEM Avoided Capacity Costs	28,145	12,621	45,451
NEM Meter Costs	83,790	36,148	125,439
General and Administrative Expenses	378,377	112,379	379,704
Interest on under-collection due to cap	425	163	504
Total DER Incremental Costs	\$ 2,852,570	\$ 810,858	\$ 2,986,154
DERP Avoided Cost - Energy & Capacity			
Purchased Power Agreements	\$ 587,151	\$ 152,010	\$ 903,585
Shared Solar Program	1,226	30,355	118,622
Total DERP Avoided Cost	\$ 588,377	\$ 182,345	\$ 1,022,207
Total Incremental and Avoided Cost	\$ 3,440,947	\$ 993,203	\$ 4,008,361

Incremental Costs: Harrington Exhibit 9 & 11

Avoided Costs: Harrington Exhibit 13 & 14

Q. PLEASE DESCRIBE THE COMPANY'S DER NEM INCENTIVE AND COSTS.

A. The DER NEM Incentive is a credit available to eligible net energy metering customer-generators that enables the customer-generator to receive full retail rate compensation for each kilowatt-hour (kWh) generated by their solar facility.

The DER NEM Incentive approximates the difference between (a) the value of a NEM Distributed Energy Resource, as computed using the methodology approved in Docket No. 2014-246-E, and (b) the utility's retail rate for that customer. Settling Parties in Docket No. 2014-246-E agreed that the DER NEM Incentive shall be treated as an incremental cost, as defined in S.C. Code Ann. § 58-39-140, effectively socializing the

1 cost of the DER NEM Incentive to all retail customers as a component of the utilities'
2 respective DER programs. In accordance with the settlement agreement reached in
3 Docket No. 2014-246-E, the NEM Incentive is available to new customers until the
4 expiration of the settlement agreement or the statutory capacity cap on NEM as set forth
5 in Act 236 is met, whichever occurs first.

6 As shown on the "DER NEM Incentive" line in Table 2 above, the total costs
7 associated with this incentive are expected to grow significantly in the Billing Period.
8 This growth is related to an expected increase in customers who have elected service
9 under Rider RNM due to the availability of the Solar Rebate Program and the NEM
10 incentive, discussed below.

11 **Q. PLEASE DESCRIBE THE GROWTH OF CUSTOMER PARTICIPATION IN**
12 **NET ENERGY METERING.**

13 A. Act 236 requires the Company make NEM available to customer-generators until the
14 total nameplate generating capacity of NEM customer-generators that have applied for
15 generator interconnection service equals two percent of the Company's South Carolina
16 retail peak demand of 1.3 million kW (AC), which is approximately 26,000 kW (AC).
17 Participation in net energy metering has increased significantly since 2015 as a result of
18 the decrease in the acquisition costs of solar, in addition to the availability of the
19 Company's Solar Rebate Program and the NEM Incentive. Table 3 details total NEM
20 participation as of February 28, 2019. It is not expected that the statutory cap set forth in
21 Act 236 will be met until the end of 2021.

Table 3: DEP Net Energy Metering – Total Participation

Rider RNM	As of 2/28/2019 ¹	
	Number of Applications	Capacity in MW (AC)
Applications Approved	1,154	17.33
Applications Withdrawn	3	0.04
In Process and Installed	1,151	17.3
Installed	1,000	14.28
In Process	151	3.02

Notes

1. Remaining Capacity until the 2% Cap of 26 MW is met is approximately 8.67 MW

Q. PLEASE DESCRIBE THE GROWTH OF THE DER NEM INCENTIVE.

A. The growth of the DER NEM Incentive is attributed to an increase in interconnected, operational facilities participating in net metering during the review, estimated, and billing periods. Table 4, below, depicts the number of customers (and the associated kilowatts (kW-AC)) who have or are expected to energize their solar facilities and participate in net metering.

Table 4: DEP Net Energy Metering Capacity Connected - Review, Estimated, and Billing¹

Rider RNM-3 and Rider NM-SC	Review Period	Estimated Period	Billing Period
	3/1/18-2/28/19	3/1/19-6/30/19	7/1/19-6/30/20
Capacity (kW-AC)	14,280	16,581	21,449
# of Customers	1,000	1,172	1,503

Notes:

1. These values represent cumulative capacity and number of customers on the last day of each period.

Rider NM-SC refers to the Company's legacy net metering rider available from 2008-2015; Rider NM-SC closed to new customers when Rider RNM was made available. In late 2015, all customers who had previously elected Rider NM-SC were contacted by the

1 Company and encouraged to switch to Rider RNM due to the fact that Rider NM expires
2 in 2020¹ and Rider RNM expires in 2025.²

3 **Q. PLEASE DESCRIBE EXHIBIT 1 TO YOUR TESTIMONY.**

4 A. Martin Exhibit 1 provides a redline of the Company's proposed 2019 net metering rider,
5 Rider RNM, illustrating changes from the previous tariff. The only substantive change to
6 the tariff is the updated value of NEM Distributed Energy Resources as discussed in
7 Witness Snider's testimony. Ministerial edits have been made to Section 6 and Section 7
8 to reduce duplicity.

9 **Q. PLEASE DESCRIBE THE STATUS OF THE COMPANY'S SOLAR REBATE**
10 **PROGRAM.**

11 A. The Company's solar rebate program was implemented to assist the Company in meeting
12 its Customer Scale solar requirement (facilities 1,000 kW and less) under Act 236. The
13 Company has made available two solar rebate programs for its customers: the Small
14 Solar Rebate Program and the Large Solar Rebate Program. Both provide a qualified
15 customer with a rebate of \$1.00 per watt-dc, and \$1.50 per watt-dc for non-profit
16 organizations, upon successful energization of a solar facility that conforms to the sizing
17 requirements outlined in Act 236. As shown in Table 5, below, interest in the solar
18 rebate, as measured by solar rebate applications received, has exceeded available capacity
19 per Act 236 goals.

¹ See S.C. Code Ann § 58-40-20(A) (generators whose net energy metering facilities were energized prior to the availability of net energy metering rates approved by the commission under the terms of this chapter may remain in historic net energy metering programs through December 31, 2020).

² See Settlement Agreement in Docket No. 2014-246-E.

Table 5: DEP Solar Rebate Program Status, as of March 1, 2019

Solar Facility Size	ACT 236 Goal	Rebate Applications Received	Rebate Applications Accepted	Rebate Applications Paid
"Small" - Up to 20kW-AC	At least 3,250 kW	3,495 kW	3,330 kW	85%
"Large" - 20.01kW-AC - 1,000kW-AC	9,750 kW	12,250 kW	9,670 kW	
Total	13,000 kW	15,745 kW	13,000 kW	

*All Values in kW-AC

As a result of receiving applications in excess of available capacity, the Company initiated a waiting list for the program. The waiting list will be utilized in the event additional capacity becomes available due to a project withdrawing or no longer meeting the criteria to receive a rebate.

Q. PLEASE DESCRIBE THE DERP COSTS ASSOCIATED WITH THE COMPANY'S SOLAR REBATE PROGRAM.

A. The incremental costs associated with the Solar Rebate Program and included in this filing are the amortization of rebates paid, carrying costs on deferred amounts, and general and administrative expenses required to manage the program, as shown in Table 2.

A proposal has been made in the DEP South Carolina base rate case, Docket No. 2018-318-E, that the South Carolina solar rebate asset balance be used to offset excess deferred income taxes. If this is approved by the South Carolina Public Service Commission, that balance would be removed from the fuel case and any adjustment that is needed to avoid double recovery would be made accordingly.

Q. PLEASE PROVIDE AN OVERVIEW AND STATUS OF THE COMPANY'S SHARED SOLAR PROGRAM.

A. The Company's Shared Solar Program, which launched in July 2018, is a means for retail customers to subscribe to and share in the economic benefits of one renewable energy facility. Customers are able to apply to the program using an online application which shows real-time capacity available in the program and assists them in determining their appropriate subscription size. Once enrolled, in addition to their regular energy bill, participants also pay a monthly shared solar subscription fee. That fee funds their share of supporting a centrally-located solar energy facility. In exchange, they receive a monthly energy credit from the Company equal to the amount of solar energy produced by their share of the solar facility. In order to increase accessibility to the program, DEP also offers a low-moderate income (LMI) customer program, through which DEP will waive the application fee and initial subscription charge (a \$120 value) for 200 LMI qualified customers.

The Company dedicated 1,000 kW of a Purchased Power Agreement (entered into pursuant to the utility-scale goals of Act 236) to the Shared Solar Program. Table 6 below, provides participation details for the program.

Table 6: DEP Shared Solar Program Status, as of March 1, 2019¹

Program Type	Total Available Capacity (kW-AC)	Number of Customers Subscribed	Total kW-AC Subscribed	% Subscribed
Standard Offering	600	33	209	34.8%
Low-Moderate Income (LMI)	400	21	38	9.5%

Notes

1. This includes both active customers and customers who have submitted an application to reserve their capacity but are either waiting for their income to be verified (LMI) or completing payment of their application and initial subscription charges (standard offering).

1 **Q. WHAT COMMUNICATION AND OUTREACH HAS TAKEN PLACE TO**
2 **INFORM, EDUCATE, AND SOLICIT CUSTOMERS TO PARTICIPATE IN THE**
3 **SHARED SOLAR PROGRAM?**

4 A. The Company has utilized a variety of marketing and communications channels to inform
5 and educate customers about the Shared Solar Program. These include campaigns using
6 email, direct mail, and outbound calling, as well as event outreach, website banners, and
7 newsletters. As part of these campaigns, the Company has sent over 27,000 email and
8 direct mail communications to customers, including over 5,000 to LMI customers, as of
9 February 28, 2019. In addition, the Company held eight events in 2018 to inform
10 customers specifically about the LMI program and is planning at least 10 more in 2019 to
11 educate and enroll customers.

12 Through the communications explained above and interactions with customers,
13 the Company continues to learn the most effective methods to encourage customer
14 participation in the DEP Shared Solar Program. As shown in Table 6 above, the program
15 is not yet fully subscribed. However, the Company continues to refine customer
16 communications and marketing in to order to both raise customer awareness of solar and
17 educate them about the Shared Solar Program. Methods of communication which have
18 shown to be most impactful in obtaining customer enrollments, such as outbound calling
19 and outreach events, will be utilized more in the future. Calling campaigns during March
20 2019 have already increased customer participation in the standard offering to 51% as of
21 April 4, 2019. The outreach planned for 2019 also includes events with an environmental
22 focus, such as Earth Day celebrations, in order to connect and partner with additional
23 organizations that may be advocates for the program within their communities.

1 The Company is also focusing on ways to increase participation in the LMI
2 program. These customers must utilize a manual process to apply for the program,
3 completing a paper application in order to have their income verified by a Community
4 Action Partnership (CAP). The Company is working to determine ways to simplify this
5 application process for LMI customers, making it less manual, to improve the customer
6 experience. Training of the CAP agencies will also continue so they can evolve from a
7 support function used to verify income to becoming more of an advocate for enrolling
8 customers in the program. Continued partnerships with the CAP agencies will allow the
9 Company to reach customer segments who may qualify for and benefit from the LMI
10 program. Additional customers are further being reached through participation in
11 activities such as Neighborhood Energy Saver and Duke Energy Foundation events. This
12 allows for synergies across the Company to better serve LMI customers, bringing them
13 information about a number of opportunities in addition to the Shared Solar Program.

14 **Q. PLEASE DESCRIBE THE DERP COSTS ASSOCIATED WITH THE**
15 **COMPANY'S SHARED SOLAR PROGRAM.**

16 A. The cost associated with the Shared Solar Program, as set forth in Table 2 include the
17 following incremental cost components: the amount of subsidy utilized to lower
18 subscription fees for the program, general and administrative costs of the program, and
19 costs of Shared Solar purchased power agreements in excess of avoided cost. Table 2 also
20 includes the following avoided costs: avoided cost amounts paid for the purchase of
21 power from participants in the program.

1 Q. PLEASE DESCRIBE THE RESULTS OF THE COMPANY'S REQUEST FOR
2 PROPOSALS OF UTILITY-SCALE SOLAR FACILITIES AND THE
3 ASSOCIATED DERP COSTS.

4 A. The Company has executed two PPAs totaling 15,000 kW (AC), with 1,000 kW
5 dedicated to the Shared Solar Program. Once the final utility scale solar facility, whose
6 capacity is under contract, becomes energized, the Company will have met the utility-
7 scale solar goals under Act 236, as shown in Table 1. Table 2 sets forth the incremental
8 and avoided costs associated with these PPAs.

9 Q. PLEASE DESCRIBE THE COMPANY'S EFFORTS TO COMMUNICATE WITH
10 STAKEHOLDERS ABOUT DER PROGRAMS AND PROGRAM CHANGES IN
11 THE PAST YEAR.

12 A. Since the Commission approved the Company's DER Program application in 2015, the
13 Company has utilized various communication and outreach tools to ensure that solar
14 stakeholders and retail customers have access to information about the Company's
15 programs and are able to communicate with representatives from the Company about the
16 programs. For example, the Company has: 1) conducted quarterly DER Collaborative
17 meetings with a diverse group of stakeholders representing the environmental
18 community, low income community, solar installers, solar developers, and regulators; 2)
19 provided a summary of net metering adoption on the Duke Energy website; 3) held a
20 number of events and marketing campaigns for the Shared Solar Program (see additional
21 detail above); and 4) provided call center support to retail customers and solar installers
22 via its Renewable Service Center, which is staffed with approximately twenty
23 professionals. The Company uses these outreach efforts as well as regular communication

1 to keep stakeholders and retail customers informed of the status of the program offerings
2 and other developments related to its DER programs.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 A. Yes.

Duke Energy Progress, LLC
(South Carolina)

REVISED MARTIN EXHIBIT 1

SC Rider RNM-~~68~~
Supersedes Rider RNM-~~67~~

RENEWABLE NET METERING RIDER RNM-~~78~~

AVAILABILITY

Available to residential and nonresidential Customers receiving concurrent service from Company, on a metered rate schedule, except as indicated under General Provisions. A customer-generator is a owner, operator, or lessee of an electric generation unit that generates or discharges electricity from a renewable energy resource, including an energy storage device configured to receive electrical charge solely from an onsite renewable energy resource. The renewable net energy metered (NEM) generation, which includes a solar photovoltaic; solar thermal; wind powered; hydroelectric; geothermal; tidal or wave energy; recycling resource; hydrogen fueled or combined heat and power derived from renewable resources; or biomass fueled generation source of energy, is installed on Customer's side of the delivery point, for Customer's own use, interconnected with and operated in parallel with Company's system. The generation must be located at a single premises owned, operated, leased or otherwise controlled by Customer.

Service under this Rider is closed to new participants on and after June 1, 2021. Participants served under this Rider prior to May 16, 2019, and subsequent owners of the customer-generator facility, shall remain eligible for service under this Rider until December 31, 2025, when an alternate tariff must be selected. Participants and subsequent owners of the customer-generator facility applying for service under this Rider on and after May 16, 2019 and prior to June 1, 2021 shall remain eligible for service under this Rider until May 31, 2029, when an alternate tariff must be selected. Customers requesting NEM service on and after June 1, 2021, will receive service in accordance with the NEM tariff in effect at that time.

GENERAL PROVISIONS

1. To qualify for service under this Rider, Customer must comply with all applicable interconnection standards and must provide, in writing, the Nameplate Capacity of Customer's installed renewable generation system. Any subsequent change to the Nameplate Capacity must be provided by Customer to Company in writing by no later than 60 days following the change.
2. To qualify for service under this Rider, a residential customer may be served on an approved residential rate schedule, but may not be served under Rider NM. The Nameplate Capacity of Customer's installed generation system and equipment must not exceed 20 kW AC.
3. To qualify for service under this Rider, a nonresidential customer may be served on an approved general service rate schedule, but may not be served on Schedules SGS-TES, TSS, TFS, LGS-RTP, LGS-CUR-TOU, CSG, CSE, GS, SFLS, SGS-TOU-CLR or Rider NM. The Nameplate Capacity of Customer's installed renewable generation system and equipment must not exceed 1,000 kW AC or 100% of Customer's contract demand which shall approximate Customer's maximum expected demand.
4. If Customer is not the owner of the premises receiving electric service from Company, Company shall have the right to require that the owner of the premises give satisfactory written approval of Customer's request for service under this Rider.
5. All environmental attributes, including but not limited to "renewable energy certificates" (RECs), "renewable energy credits" or "green tags", associated with the generation system shall be conveyed to Company until billing of a Distributed Energy Resource Program Rider DERP Charge is discontinued on all customer bills. Customer certifies that the environmental attributes have not and

Duke Energy Progress, LLC
(South Carolina)

SC Rider RNM-~~68~~
Supersedes Rider RNM-~~67~~

will not be remarketed or otherwise resold for any purpose, including another distributed energy resource standard or voluntary purchase of renewable energy certificates in South Carolina or in any other state or country for the Contract Period and any successive contract periods thereto.

6. If the electricity supplied to Customer by Company exceeds the electricity delivered to the grid by the customer-generator during a monthly billing period, the customer-generator shall be billed for the net electricity in kilowatt hours (kWh) supplied by Company plus any demand or other charges under the applicable rate schedule or riders. ~~If the electricity delivered to the grid by the customer-generator exceeds the electricity in kWh supplied by the utility during a monthly billing period, the customer-generator shall be credited for the excess kWh generated during that billing period.~~
7. Electricity delivered to the grid by Customer's renewable generation that exceeds the electricity delivered by Company during a monthly billing period is defined as Excess Energy. When used in conjunction with a time of use schedule, the TOU periods shall be specified in the applicable schedule and any Excess Energy shall apply first with the Excess Energy generated On-Peak kWh offsetting On-peak usage and then offsetting Off-peak usage. Any excess Off-Peak kWh shall only apply against Off-peak kWh usage. Any Excess Energy not used in the current month to offset usage shall carry forward to the next billing month.
8. Excess Energy shall be used to reduce electricity delivered and billed by Company during the current or a future month, except that for the March billing period any carry-over shall be compensated as described in the RATE paragraph below. In the event Company determines that it is necessary to increase the capacity of facilities beyond those required to serve Customer's electrical requirement or to install a dedicated transformer or other equipment to protect the safety and adequacy of electric service provided to other customers, Customer shall pay the estimated cost of the required transformer or other equipment above the estimated cost which Company would otherwise have normally incurred to serve Customer's electrical requirement, in advance of receiving service under this Rider.
9. The rates set forth herein are subject to Commission Order No. 2015-194, issued in Docket No. 2014-246-E pursuant to the terms of S.C. Code § 58-40-20(F)(4). Eligibility for this rate will terminate as set forth in that Order, and otherwise as specified above. The value of NEM generation eligible for this Rider shall be computed using the methodology contained in Commission Order No. 2015-194, in Docket No. 2014-246-E, and shall be updated annually by Company. The value of NEM generation for 201~~98~~ is \$0.~~05033-05033~~ per kWh for Schedules RES ~~and~~, R-TOUD, \$0.05032 for Schedule~~and~~ SGS and \$0.~~05025-05024~~ for all other schedules.

RATE

All provisions of the applicable schedule and other applicable riders will apply to service supplied under this Rider, except as modified herein. For any bill month during which the Energy Charges are a net credit, the respective Energy Charges for the month shall be zero. Credits shall not offset the Basic Facilities Charge or the Demand Charge (if applicable). In addition to all charges in the applicable rate schedule for Customer's net electrical usage, the following credit may be applicable annually:

Annual Credit for Excess Generation –

If Customer has Excess Energy after offsetting usage as of the date of the March billing, Company shall pay Customer for the amount of the accumulated Excess Energy times a rate of \$0.04290 per kWh, after which the amount of Excess Energy shall be set to zero.

Duke Energy Progress, LLC
(South Carolina)

SC Rider RNM-~~68~~
Supersedes Rider RNM-~~67~~

MINIMUM BILL

The monthly minimum bill for customers receiving service under this Rider shall be no less than Basic Facilities Charge from the applicable rate schedule and riders plus, if applicable, any of the following Charges: the Demand Charge, the Off-peak Excess Demand Charge, and the Extra Facilities Charge.

METERING REQUIREMENTS

Company will furnish, install, own and maintain a billing meter to measure the kilowatt demand delivered by Company to Customer, and to measure the net kWh purchased by Customer or delivered to Company. For renewable generation capacity of 20 kW AC or less, the billing meter will be a single, bi-directional meter which records independently the net flow of electricity in each direction through the meter, unless Customer's overall electrical requirement merits a different meter. For larger renewable generation capacities, Company may elect to require two meters with 15-minute interval capabilities to separately record Customer's electrical consumption and the total generator output, which will be electronically netted for billing. Customer grants Company the right to install, operate, and monitor special equipment to measure Customer's generating system output, or any part thereof, and to obtain any other data necessary to determine the operating characteristics and effects of the installation. All metering shall be at a location that is readily accessible by Company.

SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS

This Rider is only applicable for installed renewable generation systems and equipment that complies with and meets all safety, performance, interconnection, and reliability standards established by the Commission, the National Electric Code, the National Electrical Safety Code, the Institute of Electrical and Electronic Engineers, Underwriter's Laboratories, the Federal Energy Regulatory Commission and any local governing authorities. Customer must comply with all liability insurance requirements of the Interconnection Standard.

POWER FACTOR

Customer's renewable generation must be operated to maintain a 100% power factor, unless otherwise specified by Company. When the average monthly power factor of the power supplied by Customer to Company is other than 100%, the Low Power Factor Adjustment stated in Company's Service Regulations may be applicable. Company reserves the right to install facilities necessary for the measurement of power factor. Company will not install such equipment, nor charge a Low Power Factor Adjustment if the renewable generation system is less than 20 kW AC and uses an inverter.

CONTRACT PERIOD

Customer shall enter into a contract for service under this Rider for a minimum original term of one (1) year, and shall automatically renew thereafter, except that either party may terminate the contract after one year by giving at least sixty (60) days prior notice of such termination in writing.

Company reserves the right to terminate Customer's contract under this Rider at any time upon written notice to Customer in the event that Customer violates any of the terms or conditions of this Rider, or operates the renewable generation system and equipment in a manner which is detrimental to Company or any of its customers. In the event of early termination of a contract under this Rider, Customer will be required to pay Company for the costs due to such early termination, in accordance with Company's South Carolina Service Regulations.